DEPARTMENT OF THE ARMY Wilmington District, Corps of Engineers Post Office Box 1890 Wilmington, North Carolina 28402-1890

ACTION ID: 200310253

William Street

January 17, 2003

PUBLIC NOTICE

Eastern North Carolina Natural Gas (ENCNG), a Division of Progress Energy, c/o Mr. Donald Davis, Post Office Box 1551-FEB 18, Raleigh, North Carolina 27602, and the Albemarle-Pamlico Economic Development Corporation (APEC), c/o Mr. John Whalen, 5234 Greens Dairy Road, Raleigh, NC 27616, have applied for a Department of the Army (DA) individual permit TO TEMPORARILY IMPACT APPROXIMATELY 22.7 ACRES OF DA JURISDICTIONAL WETLANDS AND APPROXIMATELY 540 LINEAR FEET OF STREAM CHANNELS TO FACILITATE THE INSTALLATION OF 94.5 MILES OF NATURAL GAS TRANSMISSION LINE AND FIBER OPTIC CABLE CONDUIT, INCLUDING LATERAL LINES TO TRENTON AND BAYBORO, WITHIN THE TAR-PAMLICO, NEUSE AND WHITE OAK RIVER BASINS, IN NORTH CAROLINA. The proposed project is located within existing Carolina Power and Light (CP&L) powerline easements and within maintained North Carolina Department of Transportation (NCDOT) right-of-ways in several eastern North Carolina counties including Beaufort, Pitt, Craven, Pamlico, Jones, and Onslow. Mr. Jeff Harbour, Environmental Services Inc., 524 New Hope Road, Raleigh, North Carolina 27610, is acting as agent for ENCNG and APEC in the processing of this application.

This project represents Phase IIIA of a multiphased project that began in 2001. Previous Phases (Phases 1, 2 and 7) were authorized under the authority of Nationwide Permit 12. The Phase IIIA project begins near Hackney in Pitt County, and terminates near Tar Landing in Onslow County. The Bayboro lateral is 21.5 miles long and will be installed within CP&L powerline easements and along N.C. Highway 55. The Trenton lateral is 7.8 miles long and will be constructed along N.C. Highway 58.

The following description of this project is taken from data provided by the applicant and from observations made during onsite inspections by representatives of the Corps of Engineers. ENCNG proposes to install an additional 94.5 miles of natural gas transmission line utilizing horizontal directional drilling (HDD) and excavated trench methodologies (Phase IIIA). The transmission system will consist of 12-inch diameter pipe. Lateral lines will consist of 6 and 8-inch pipe. Distribution lines will consist of 2, 4, and 6-inch diameter plastic pipe installed primarily to serve residential, commercial and industrial customers. APEC will install the fiber optic conduit concurrently with the natural gas pipeline construction. The construction corridor is approximately 20 feet wide.

The project crosses a total of 61 waterbodies, including three (3) man-made ponds. Perennial streams of greater that 20 feet in width will be directionally bored. Smaller streams will be crossed using open-cut techniques if field conditions allow. Generally, open-cut techniques will be utilized to cross canals and ditched streams. Intermittent streams will be assessed at the time of construction to determine the appropriate crossing method. HDD methods will be used if flowing water exists within the intermittent stream channel.

The project will cross 200 separate wetland areas located within NCDOT right-of-ways and CP&L powerline easements. Wetland types to be crossed include Coastal Plain small stream swamp, cypress-gum swamp, Coastal Plain bottomland hardwood forest and successional shrub/scrub and herbaceous wetlands. Larger wetland areas will be directionally bored. Open trench methodology will be utilized in smaller wetland crossings. The applicant proposes to select between HDD or open trench construction methodologies on a case-by-case basis. Generally, the HDD method will be used for those wetland systems where temporary impacts would exceed 1.0 acre in size. For wetland impacts less than an acre in size and those that may be isolated, open-cut methods will be used if field conditions allow.

The applicant proposes to utilize HDD methods to avoid impacts to Areas of Environmental Concern as designated by the North Carolina Division of Coastal Management. Forested wetlands will not be impacted by this project. Conversion of wetland community types is not proposed. The applicant also agrees to avoid or minimize impacts to streams containing anadromous fish spawning and rearing habitat. The applicant does not propose compensatory mitigation for this project.

Plans showing the work are included with this public notice. The plans and additional information provided by the applicant detailing avoidance and minimization efforts can also be reviewed at the Washington Regulatory Field Office, United States Army Corps of Engineers Wilmington District, 107 Union Drive Suite 200, Washington, North Carolina 27889.

This proposal shall be reviewed for the applicability of other actions by North Carolina agencies such as:

- a. The issuance of a Water Quality Certification under Section 401 of the Clean Water Act by the North Carolina Division of Water Quality (NCDWQ).
- b. The issuance of a permit to dredge and/or fill under North Carolina General Statute 113-229 by the North Carolina Division of Coastal Management (NCDCM).

- c. The issuance of a permit under the North Carolina Coastal Area Management Act (CAMA) by the North Carolina Division of Coastal Management (NCDCM) or their delegates.
- d. The issuance of an easement to fill or otherwise occupy State-Owned submerged land under North Carolina General Statute 143-341(4), 146-6, 146-11, and 146-12 by the North Carolina Department of Administration (NCDA) and the North Carolina Council of State.
- e. The approval of an Erosion and Sedimentation control Plan by the Land Quality Section, North Carolina Division of Land Resources (NCDLR), pursuant to the State Sedimentation Pollution Control Act of 1973 (NC G.S. 113 a-50-66).

The State of North Carolina will review this public notice to determine the need for the applicant to obtain any required State authorization. No Department of the Army (DA) permit will be issued until the coordinated State viewpoint on the proposal has been received and reviewed by this agency, nor will a DA permit be issued until the North Carolina Division of Water Quality (NCDWQ) has determined the applicability of a Water Quality Certificate as required by PL 92-500.

This application is being considered pursuant to Section 404 of the Clean Water Act (33 U.S.C. 1344) and Section 10 of the Rivers and Harbors Act of 1899. Any person may request, in writing within the comment period specified in the notice, that a public hearing be held to consider this application. Requests for public hearing shall state, with particularity, the reasons for holding a public hearing.

The District Engineer has consulted the latest published version of the National Register of Historic Places for the presence or absence of registered properties, or properties listed as being eligible for inclusion therein, and this site is not registered property or property listed as being eligible for inclusion in the Register. Consultation of the National Register constitutes the extent of cultural resource investigations by the District Engineer, and he is otherwise unaware of the presence of such resources. Presently, unknown archeological, scientific, prehistoric, or historical data may be lost or destroyed by work under the requested permit.

Based upon available information, the District Engineer is not aware that the proposed activity will affect species, or their critical habitat, designated as endangered or threatened pursuant to the Endangered Species Act of 1973.

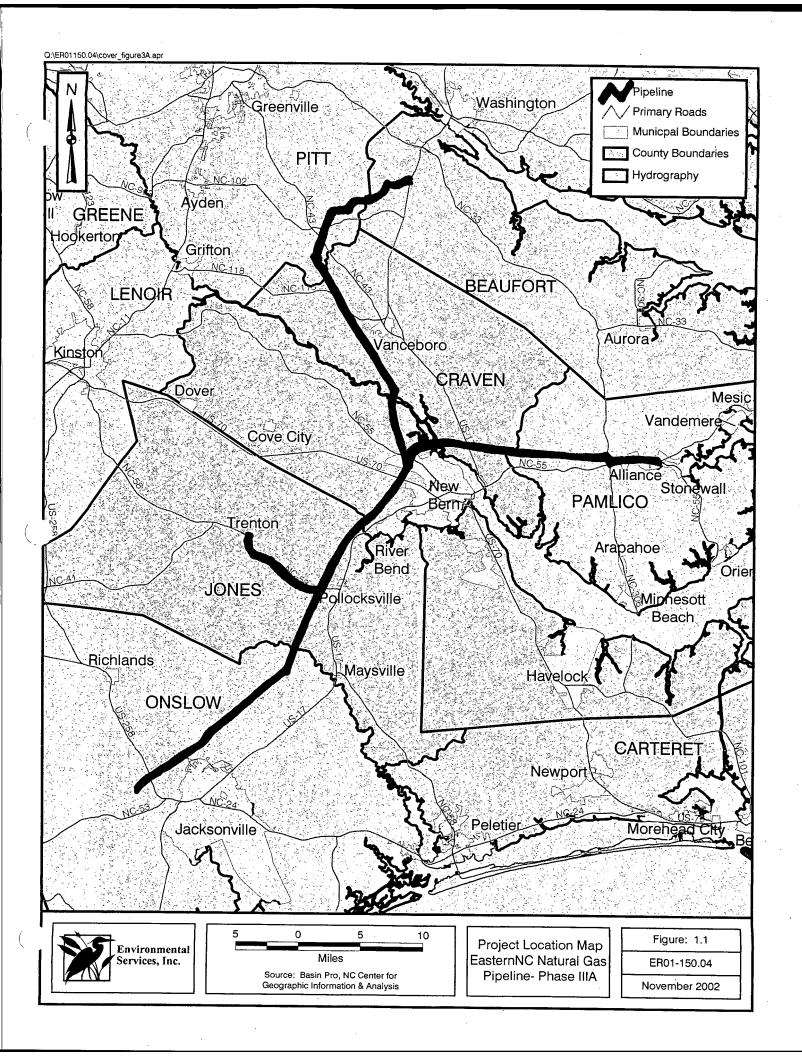
The decision whether to issue a permit will be based on an evaluation of the probable impacts, including cumulative impacts, of the proposed activity and its intended use on the public interest. Evaluation of the probable impacts which the proposed activity may have on the public interest requires a careful weighing of all those factors which become relevant in each particular case. The benefits which reasonably may be expected to accrue from the proposal must be balanced against its reasonably foreseeable detriments. The decision whether to authorize a proposal, and if so the conditions under which it will be allowed to occur, are therefore determined by the outcome of the general balancing process. That decision should reflect the national concern for both protection and utilization of important resources. All factors which may be relevant to the proposal must be considered including the cumulative effects thereof. Among those are conservation, economics, aesthetics, general environmental concerns, wetlands, cultural values, fish and wildlife values, flood hazards and flood plain values (in accordance with Executive Order 11988), land use, navigation, shore erosion and accretion, recreation, water supply and conservation, water quality, energy needs, safety, food and fiber production, mineral needs, considerations of property ownership, and, in general, the needs and welfare of the people. For activities involving the placement of dredged or fill materials in waters of the United States, a permit will be denied if the discharge that would be authorized by such permit would not comply with the Environmental Protection Agencies' 404(b)(1) guidelines. Subject to the preceding sentence and any other applicable guidelines or criteria, a permit will be granted unless the District Engineer determines that it would be contrary to the public interest.

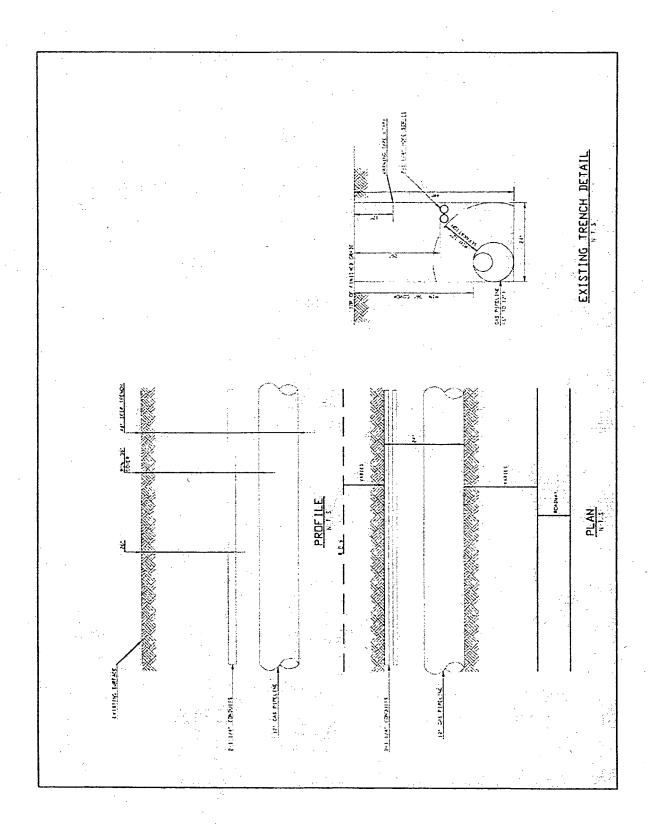
The Corps of Engineers is soliciting comments from the public; Federal, State and local agencies and officials; Indian Tribes and other interested parties in order to consider and evaluate the impacts of this proposed activity. Any comments received will be considered by the Corps of Engineers to determine whether to issue, modify, condition or deny a permit for this proposal. To make this decision, comments are used to assess impacts on endangered species, historic properties, water quality, general environmental effects and the other public interest factors listed above. Comments are used in the preparation of an Environmental Assessment (EA) and/or an Environmental Impact Statement (EIS) pursuant to the National Environmental Policy Act (NEPA). Comments are also used to determine the need for a public hearing and to determine the overall public interest of the proposed activity.

Generally, the decision whether to issue this Department of the Army (DA) permit will not be made until the North Carolina Division of Water Quality (NCDWQ) issues, denies, or waives State certification required by Section 401 of the Clean Water Act. The NCDWQ considers whether or not the proposed activity will comply with Sections 301, 302, 306, and 307 of the Clean Water Act. The application and this public notice for the Department of the Army (DA) permit serves as application to the NCDWQ for certification.

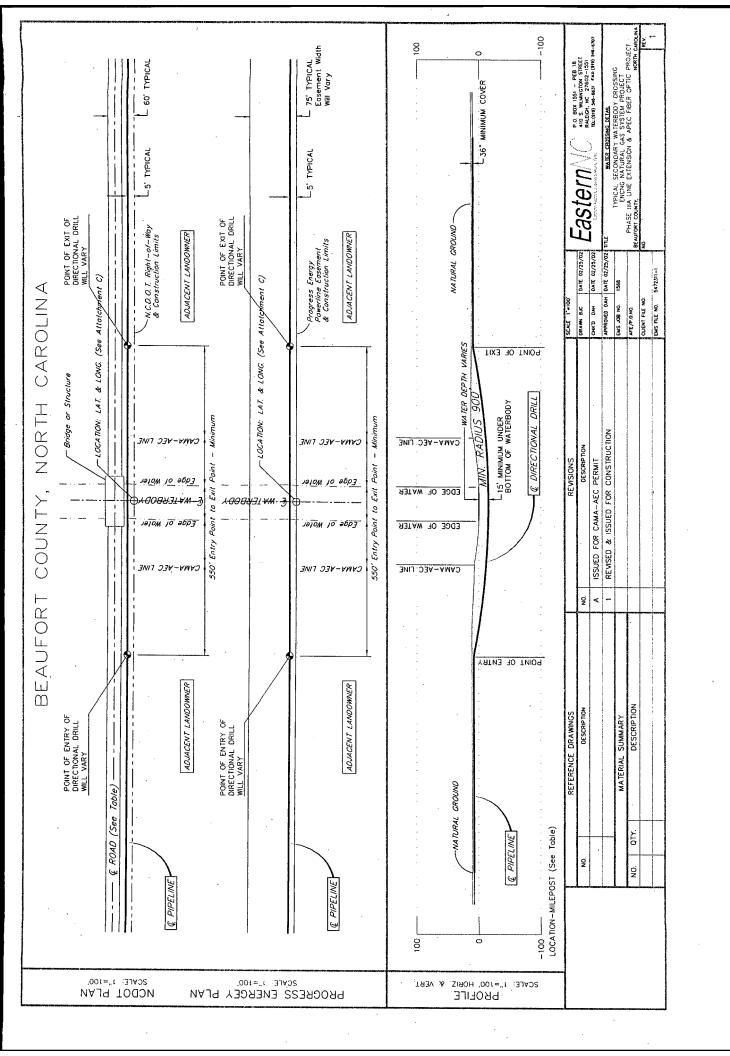
Additional information regarding the Clean Water Act certification may be reviewed at the offices of the Wetlands/401 Unit, NCDWQ, 2321 Crabtree Boulevard, Raleigh, North Carolina 27604-2260. Copies of such materials will be furnished to any person requesting copies upon payment of reproduction cost.

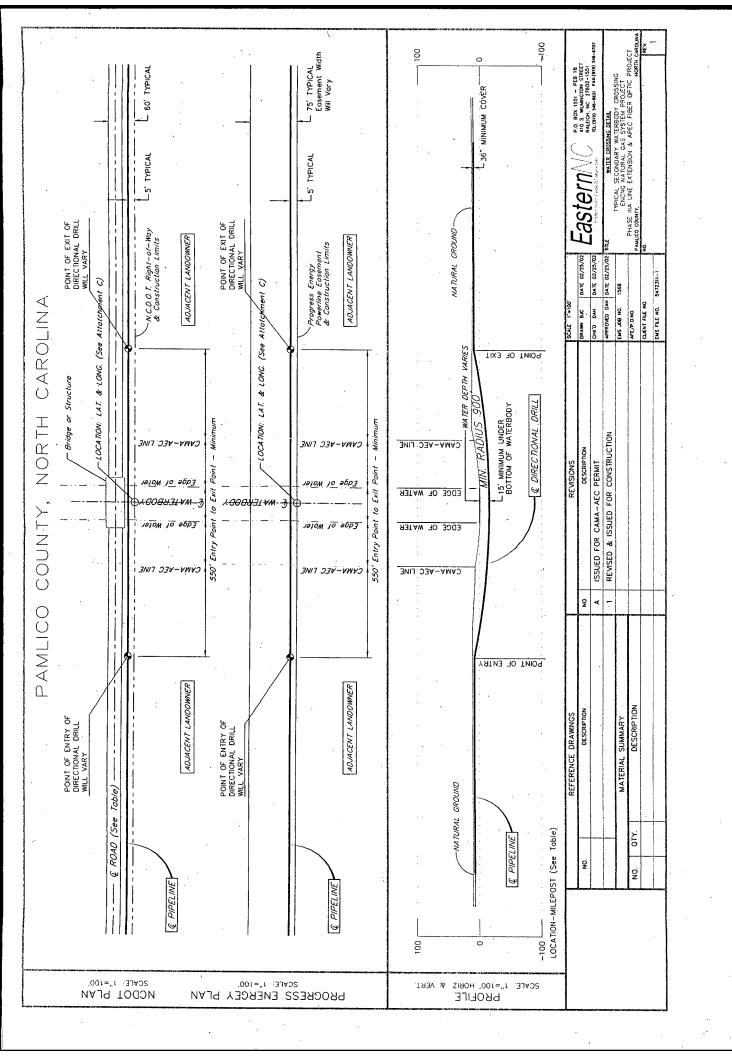
Written comments pertinent to the proposed work, as outlined above, will be received in the United States Corps of Engineers, Wilmington District, Washington Regulatory Field Office, Attn: Mr. Scott Jones, Post Office Box 1000, Washington, North Carolina, 27889, until 4:15 p.m., February 17, 2003, at telephone (252) 975-1616, extension 27.

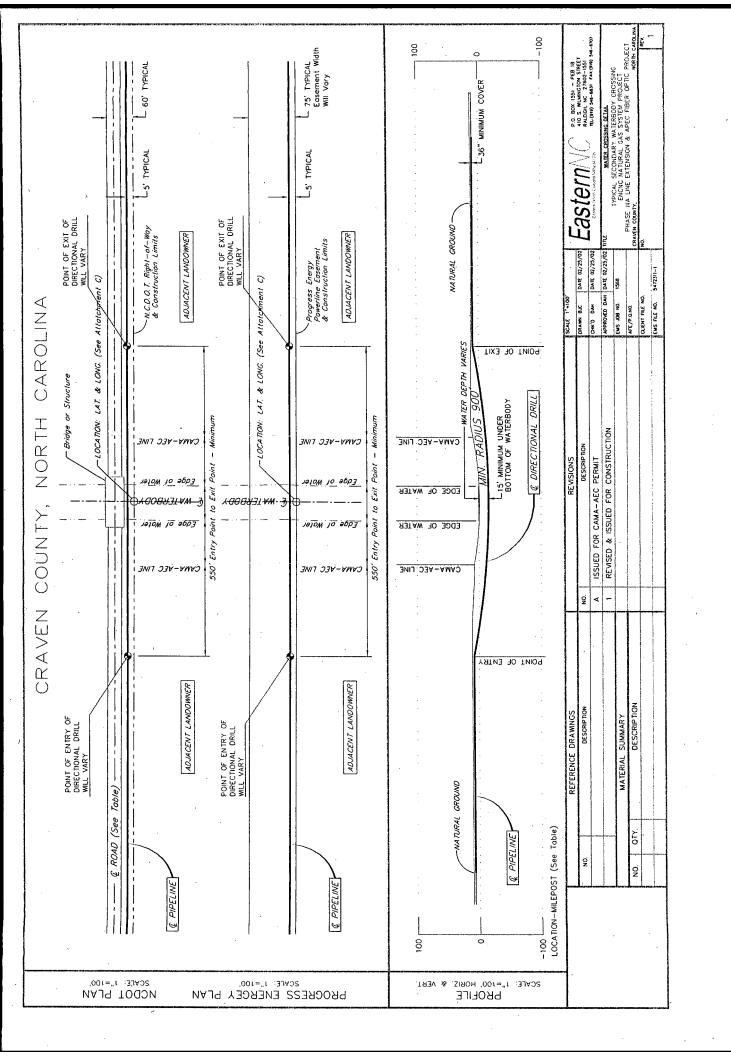


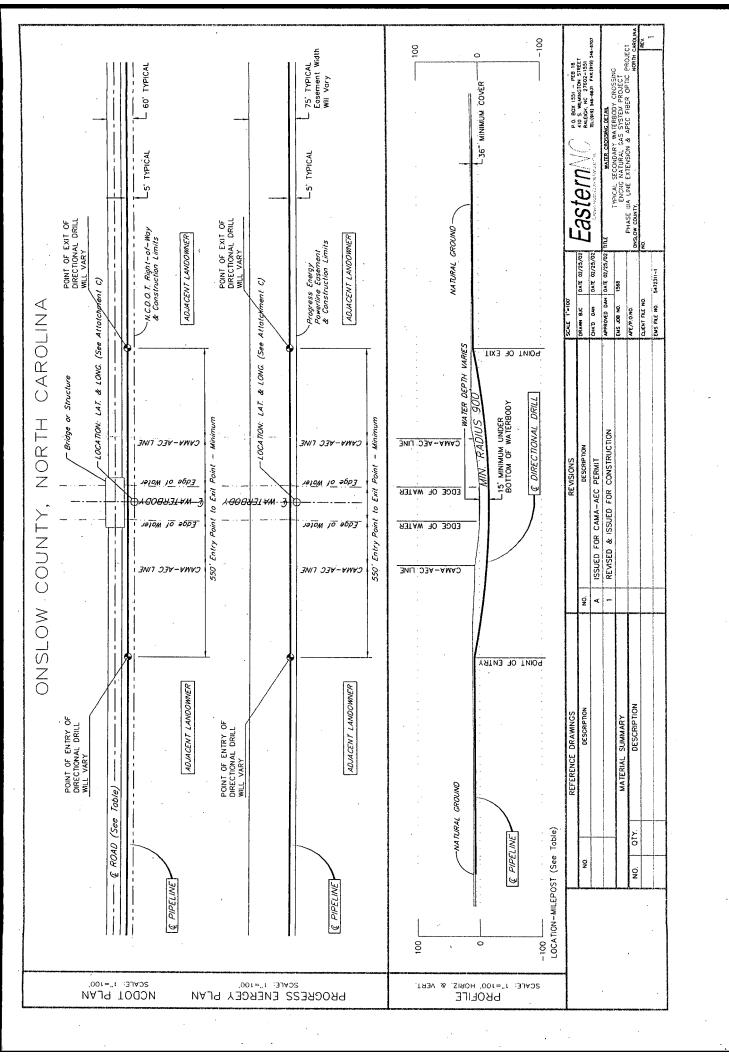














Executive Summary

Eastern North Carolina Natural Gas (*EasternNC*) is seeking permission to construct a new natural gas transmission and distribution system in coastal North Carolina, in association with a fiber optic conduit proposed by the Albemarle-Pamlico Economic Development Corporation (APEC). Development in coastal areas requires approval pursuant to the North Carolina Coastal Area Management Act (CAMA). In addition, this project requires approval in accordance with Sections 404 and 401 of the Clean Water Act and Section 10 of the Rivers and Harbors Act. This document serves both as a CAMA major development permit request and as a U.S. Army Corps of Engineers (USACE) Individual Permit application. This submittal also serves as the request for General Water Quality Certification from the North Carolina Division of Water Quality.

EasternNC is a partnership between Progress Energy and APEC, and was formed to supply natural gas to counties previously unserved in eastern North Carolina after the North Carolina General Assembly passed the Clean Water and Natural Gas Critical Needs Act of 1998. Following rigorous review of EasternNC's proposed project, the North Carolina Utilities Commission granted EasternNC a Certificate of Public Convenience and Necessity and the exclusive franchise to provide natural gas service through a transmission and distribution system in 14 eastern North Carolina counties. The pipeline system will be constructed in phases, with each phase being a single and complete project. APEC will install the fiber optic conduit concurrently with the pipeline construction. At present, EasternNC and APEC have permitted Phases 1, 2 and 7. This submittal is for what is referred to as Phase 3A.

The proposed *EasternNC* Phase 3A and APEC fiber optic project will consist of approximately 94.5 miles of transmission mainline and lateral lines within Beaufort, Pitt, Craven, Pamlico, Jones, and Onslow Counties. The total length includes the Bayboro Lateral (21.5 miles) and the Trenton Lateral (7.8 miles). The transmission system will consist of 12-inch diameter mainline. Lateral lines will consist of 6 and 8-inch pipe. Distribution lines will consist of 2, 4, and 6-inch diameter plastic pipe constructed primarily to serve residential, commercial and industrial customers.

EasternNC has made extensive efforts to minimize environmental impacts during construction and operation phases of the pipeline system. Careful design of the pipeline system has allowed the proposed route to be collocated within existing North Carolina Department of Transportation (NCDOT) rights-of-way as well as within existing Carolina Power & Light (CP&L) powerline easements. These efforts allow construction to occur in those areas that are regularly maintained, thus reducing the effect on the surrounding natural environment.

The EasternNC Phase 3A and APEC fiber optic project is located in the Coastal Plain physiographic province of North Carolina and within the Tar-Pamlico, Neuse and White Oak River Basins. Specifically, the project crosses a total of 61 waterbodies (including three man-made

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ponds). Following consultation with state and federal resource agencies, *EasternNC* has agreed to avoid or minimize disturbance to all streams identified as containing anadromous fish spawning or rearing habitat. As a general rule, the Phase 3A and APEC fiber optic project will be located approximately 5 feet inside the NCDOT right-of-way boundaries. Within the CP&L powerline easements, the pipeline will be constructed along the edge of the maintained corridor or, in a few circumstances, along existing dirt access roads that exist in the powerline easements. EasternNC anticipates no additional clearing of forested areas. Additionally, *EasternNC* has the flexibility to move around within the NCDOT rights-of-way and, to a lesser extent, in the CP&L easements if it will allow complete avoidance of jurisdictional wetlands and/or surface waters. The construction easement is approximately 20 feet wide.

Perennial streams greater than 20 feet in width will be crossed with no impact by utilizing horizontal directional drilling (HDD). Some perennial streams less than 20 feet wide will be crossed using open-cut techniques if field conditions permit. These perennial streams that will be open-cut are canals or ditched streams that appear to be maintained regularly. Intermittent streams will be assessed at the time of construction to determine the appropriate crossing method. HDD will be used if there is flowing water in these intermittent streams and open-cut techniques will be used if the intermittent channels are dry.

The Phase 3A and APEC fiber optic project will also cross 200 wetlands that are located within the existing NCDOT rights-of-ways and the CP&L powerline easement. Several of these wetland crossings are comprised of extensions of a larger wetland system that encroach into the preferred construction easement. There will be no net loss of wetlands due to utilization of HDD within the larger wetlands and by using open-cut techniques within the smaller wetlands, which will result in only temporary impacts to maintained emergent wetlands. No forested wetlands will be impacted in any way, including conversion of wetland community type. The decision to open-cut or use HDD will be made by assessing each "wetland system". As a general rule, HDD will be used for those wetland systems where temporary impacts would exceed 1.0 acre and for those high-quality systems that have an associated stream or river. In general, those wetland systems where temporary impacts would be less than 1.0 acre and those that may be isolated may be open-cut if field conditions allow. The use of HDD techniques will also allow *EasternNC* to completely avoid direct impacts to Areas of Environmental Concerns (AEC) as identified by the North Carolina Division of Coastal Management.

Construction of the *EasternNC* Phase 3A and APEC fiber optic project is not expected to adversely affect any federally listed threatened/endangered species or critical habitat. Likewise, no adverse impacts to cultural resources are expected as a result of construction.

In addition to the direct impacts, *EasternNC* has evaluated potential secondary and cumulative impacts from the proposed project. As part of this evaluation, *EasternNC* conducted an economic



analysis to determine whether providing natural gas service to eastern North Carolina would increase development in the area. The analysis indicates that no significant development would result from constructing the *EasternNC* Phase 3A and APEC fiber optic project. The size and configuration of the pipeline is such that it will primarily service existing customers. The economic analysis also confirms that without the use of public funds (bond money), this project is not economically feasible.

No significant secondary and/or cumulative environmental impacts are expected as a result of the construction of the *EasternNC* Phase 3A and APEC fiber optic project. In fact, conversion to cleaner burning natural gas may reduce atmospheric emissions in the area, which is an environmental benefit. *EasternNC* will be providing additional information in support of the secondary and cumulative impact analysis under separate cover.

This document addresses Phase 3A only.